

More Than 52 Million Taxpayers Choose Direct Deposit for Their Federal Income Tax Refunds

The 2006 tax filing season is now here, and the U.S. Treasury Department wants taxpayers to know their options for filing their federal income tax returns and receiving their refunds. Tax filing season 2005 resulted in 68 million taxpayers using the Internal Revenue Service's (IRS) *e-file* program and more than 52 million receiving their refunds by direct deposit.

Direct Deposit

The use of direct deposit for federal income tax refunds has grown steadily in the last several years. Last year alone, there was a 7 percent increase in the number of taxpayers choosing direct deposit. Taxpayers who use direct deposit get their refunds faster—in as little as two weeks.

Direct deposit has been available for federal payments for more than 30 years and has proven to be safe, reliable and convenient, and statistics indicate that electronic transmissions also have fewer errors. Taxpayers who receive their refunds by direct deposit have significantly fewer problems than with a paper check. If a problem does occur with a direct deposit payment, it usually can be resolved in 24 hours, compared with an average of 14 days for a replacement check.

E-file

The IRS *e-file* program continues to make great strides. In 2005, 68 million taxpayers filed their tax returns electronically using IRS *e-file*, and learned its many benefits: free/low-cost filing; fast, safe refunds; security; accuracy—less than 1 percent error rate; electronic signatures; proof of acceptance; electronic payment options; and federal/state *e-file*!

There are a number of ways to *e-file*: on one's personal computer using tax preparation software; online *e-file* services available free to eligible taxpayers at www.irs.gov or through a professional tax preparer. There are volunteers who can assist taxpayers in filing electronically at VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) sites. These volunteers provide free tax preparation assistance for low-income individuals and the elderly at community locations. Find the closest VITA or TCE site by calling the toll-free number 1-800-829-1040. And, taxpayers who owe money also can pay electronically!

The IRS has entered into partnership agreements with IRS *e-file* partners (companies) to foster the use of electronic filing. As a convenience to taxpayers, the IRS provides links to these companies' Web sites, and the companies provide descriptions of their products and services. The IRS and the U.S. government do not endorse or warrant these companies or their products or services. The decision to use or not to use any of these

products and services will not result in any special treatment from the IRS. For more information about IRS *e-file* partners, visit the IRS Web site at:
www.irs.gov/elec_svs/partners.html.

To learn about the status of your refund, visit the IRS Web site at www.irs.gov and click on “Where’s My Refund?” or call 1-800-829-1040. You will need your Social Security number, your filing status (single, married filing joint return, married filing separate return, head of household, or qualifying widow/widower), and refund amount.

Treasury’s Financial Management Service and the IRS are collaborating to promote IRS *e-file* and direct deposit in future tax filing seasons. For direct deposit information, visit FMS’ Web site at www.fms.treas.gov/eft. For general tax information, call IRS’ toll-free tax help line number 1-800-829-1040 or visit www.irs.gov.

How to Enroll in Direct Deposit

To choose a direct deposit refund, taxpayers indicate on the refund portion of the electronic return, or on the paper form 1040, the financial institution’s routing transit number, their account number and the type of account—checking or savings.

Successful direct deposit payments require accurate information, including the financial institution, the depositor account number, type of account (checking or savings), and routing transit number (RTN). If the check is payable through a financial institution different than the one where the checking account is, do not use the routing number on the check. Instead, contact the financial institution for the correct routing number.